ARGUS

ARGUS ECONOMIC COMMENTARY

April 7, 2025

First-Quarter Decline: Our Monthly Survey of the Economy, Interest Rates, and Stocks

Leadership in the U.S. stock market flipped in the first quarter, with the three growth sectors and the leading indices swinging to negative for the year to date. A variety of factors contributed to this dramatic shift. Sector rotation became meaningful in 2024's second half and has intensified in 2025. After two years of AI euphoria, investors are taking profits in AI names. The imminence of President Trump's "Liberation Day" tariffs caused the market to crash into the end of the first quarter.

The turbulence in policies from the new administration have contributed to market uncertainty. Fear of tariffs, the volatile Ukraine situation, and DOGE job cuts are causing some equity investors to move to the sidelines and/or shift into bonds. Rising safe-haven demand for Treasuries is pushing down yields, raising the attractiveness of equity income sectors such as Real Estate and Utilities. Financial, Healthcare, Materials, Energy and Consumer Staples are all outperforming the long-term growth leaders (Information Technology, Communication Services, and Consumer Discretionary).

The GDPNow forecast for 1Q25 GDP has swung to negative 1.8% as of the end of March, this after being positive at the end of January. Pre-buying ahead of imported goods ahead of tariffs and cautious consumer spending after the holiday splurge caused the flip-flop in GDP outlook. Argus expects a positive reading on 1Q25 GDP, but we have lowered our growth estimate to 1.6% in a dynamic environment.

The Economy, Interest Rates, and Earnings

Fourth-quarter GDP growth declined from 3Q24 levels, but the U.S. economy wrapped a solid 2024 year with high-2% growth for a second straight year.

The final (third) report of fourth-quarter GDP indicated growth of 2.4%, up from 2.3% growth estimated in the preliminary (second) and the advance (first) reports, and a step down from 3.1% growth in 3Q24. Fourth-quarter 2024 GDP reflected ongoing growth in consumer expenditures and government spending, partly offset by a decrease in investments. Imports, which are a subtraction in the calculation of GDP, decreased quarter over quarter. The 0.1% nudge higher from the preliminary and advance reports mainly reflected downward revision in imports.

Normally, fourth-quarter GDP would provide a window on what to expect from the economy in the first quarter. The policies of the second Trump administration represent a major change from those of the Biden administration, lessening the likelihood of clear continuity. Analysis of full-year 2024 may indicate some of the longer-term trends that could influence the U.S. economy in the year ahead.

For all of 2024, U.S. GDP rose by 2.8%, in line with 2.9% growth in 2023 and 2.5% growth in 2022. On a dollar basis, GDP grew to $29.2 trillion from $28.3 trillion at the end of 2023. The consumer remains the biggest growth driver. Personal consumption expenditures (PCE) for 2024 increased 2.8%, up from 2.5% for all of 2023. Fourth-quarter PCE of 4.0% was the strongest in any quarter of 2024, driven by holiday spending. Full-year 2024 spending on goods increased 2.4% versus 1.9% in 2023. Durable goods spending rose 3.3% in 2024, down from 3.9% for all of 2023. Non-durable goods spending rose 1.9% for 2024, more than double the 0.8% growth in non-durables spending in 2023.

Spending on services was steady, with growth of 2.9% in 2024, matching 2023. Some of the growth in consumer services spending has been driven by rent equivalent, home and vehicle insurance, and other costs that consumers cannot control, and many cannot avoid. Although services inflation

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has been more stubborn than goods inflation, tariffs can have an unpredictable impact on goods prices.

Full-year 2024 consumer spending growth reflects a sub-par first quarter, rising spending in the second and third quarters, and a strong fourth-quarter finish. Consumers appear to be adapting to inflation that is stuck just above the Fed's 2% target, resulting in structurally higher prices. We have seen some signs of consumers pulling back in the first few months of 2025 given tariff uncertainty. We expect PCE within the GDP accounts to continue to send conflicting signals in 2025, while remaining in the 2%-3% range as the eventual tariff situation becomes settled and established.

Non-residential fixed investment, the proxy for corporate capital spending, rose at a 3.6% annual rate in 2024; this category grew at a 6.0% rate in 2023 and 7.0% in 2022. PCE and non-residential fixed investment represent about four-fifths of gross domestic product. In 2024, consumer spending added 1.87 percentage point to GDP, while non-residential fixed investment added 0.49 percentage point.

Residential fixed investment swung to positive in 2024, rising 4.2% as double-digit growth in 1Q24 and surprising 5.5% growth in 4Q24 bracketed negative readings in the middle quarters. With the timing of any further fed rate cuts uncertain, and with mortgage rates still elevated compared to rates prevailing over the past decade, the housing sector is more likely to recover in fits and starts than to burst into healthy growth. Long Treasury yields, after going as low as 4.18% at the beginning of March, have crept back up to about 4.37%. Long rates are well above September 2024 lows in the 3.6% range. Mortgage rates, and particularly 30-year fixed-rate mortgages, are tied to 10-year Treasury yields. Offsetting rate pressure is intense pent-up demand for home ownership.

Exports grew 3.3% in 2024, and imports rose 5.3%. Although the export-import balance favored imports in 2024, both categories were negative in 4Q24. We expect volatility in this category to intensify quarter over quarter as businesses attempt to anticipate and get ahead of the administration's ever-changing tariff policies.

Another volatile category, the change in private inventories, added six basis points to 2024 GDP after subtracting 41 basis points in 2023 during the supply-chain crisis. Inventories have normalized, and disruptions to the supply chain have mainly receded. Another round of supply-chain volatility, however, could ensue if newly enacted tariffs trigger a global trade war.

Overall government spending was up 3.4% in 2024 and added 58 basis points to 2024 GDP growth. Federal spending was up 2.6% last year, while state and local government spending grew 3.9%.

The price index for gross domestic purchases increased 2.4% for all of 2024, compared with a revised increase of 2.9% in 2023. And the PCE price index advanced 2.5%, down from 3.8% in 2023. GDP growth with lower price increases gives the Fed room to cut rates going forward.

With the first quarter of 2025 complete, economists and strategists have mainly January and February data to study, with a sprinkling of March data (mainly sentiment indicators). The economic picture is mixed, but showing signs of deterioration. Sentiment indicators across consumers and small businesses have lost any optimism related to pending deregulation and are now weakening on concerns that tariffs will reignite inflation and stunt growth. Sentiment among large company purchasing managers is more positive, but appears to be wavering.

The consumer economy continues to send mixed signals. Jobs and wages are still growing, albeit at a slower pace. The U.S. economy generated 151,000 new jobs in February, below the consensus call of 160,000. Three-month average jobs growth of 200,000 remained above the full-year 2024 average of 166,000; the 2023 average gain was 251,000 new jobs per month.

Multiple indicators of the employment economy – including the unemployment rate, wage growth, and the average work week – remained healthy in the first quarter of 2025. The unemployment rate was 4.1% for February compared with 4.0% for January. Economists characterize the U.S. employment situation as being in a "low-fire, low-hire" phase. Average hourly earnings grew 4.0% annually in February compared with 4.1% in January. Annual wage growth continues to run above inflation, but the premium has narrowed.

Industrial production increased 0.7% in February from a downwardly revised 0.3% in January. Between February 2024 and February 2025, overall industrial production increased 1.4%. After a weak 0.1% gain in January, manufacturing production rose 0.9% in February. Mining rose 2.4%, while formerly strong utilities declined 2.5%. For all of 2024, industrial production increased 0.5% and was also led by utilities output. Manufacturing activity in 2024 was flat with that in 2023. Capacity utilization of 78.2 for February 2025 improved from 77.8% for January but remained 1.2 percentage points below the long-run average.

The NFIB's Small Business Optimism Index reached a six-year high of 105.1 in December 2024 in anticipation of a change to a more business-friendly administration. That optimism has been dented somewhat as the index fell to 102.8 in January 2025 and further to 100.7 in February. The Small Business Uncertainty Index rose four points to 104, the second-highest reading on record. Small business owners continue to cite difficulty in finding and hiring skilled workers to fill open positions; and fewer owners are planning capital investments in the next few months

Consumers also appear to be concerned that tariffs could cause an uptick in inflation. The University of

Michigan Consumer Sentiment Index for March 2025 fell to 57.9, well below the 63.2 consensus estimate and down from 64.7 in February. The survey was down 22 percentage points from December 2024. All five index components deteriorated, and year-ahead inflation expectations jumped to 4.9% in March from 4.3% in February.

As sentiment declines, confidence erodes as well. The Conference Board's Consumer Confidence Index for March 2025 declined by 7.2 points to 92.9, its lowest level since January 2021. This index has declined for four consecutive months. The expectations index, based on consumers' short-term outlook for income, business, and labor market conditions, dropped to 65.2. That is the lowest reading in this category in 12 years and, according to the Conference Board is "...well below the threshold of 80 that usually signals a recession ahead."

The retail sales report for February showed improvement from a dismal January, but continued to signal weakness in spending. Overall U.S. retail sales for February rose 0.2% month over month, missing the 0.7% consensus forecast while recovering from a revised 1.2% decline for January. Retail sales for February 2025 were up 3.1% from those in February 2024, below the consensus outlook for about 3.5% annual growth in spending.

The Bureau of Economic Analysis within the Department of Commerce reported that personal incomes rose 0.8% in February 2025, following growth of 0.9% in January. Personal consumption expenditures (PCE) rose 0.4% for the month after falling 0.2% in January.

In the months before the Fed's first rate cut of the cycle in September, optimism returned to the long-depressed housing industry. Market interest rates came down to multi-month lows following the September rate cut, spiked higher into 2024 year-end, and have since moved lower on safe-haven bond buying amid policy uncertainty. Current 30-year mortgage levels above 6.5% will not move the needle much given the large number of homes with no mortgage or mortgages below 4%. Until rates move a point or two lower, Argus is not looking for a meaningful recovery in housing activity.

The Atlanta Fed's GDPNow model had a whipsaw response to first-quarter data. From a bold 3.9% growth forecast for 1Q25 GDP, issued in January, GDPNow as of the end of March is forecasting a 1.8% decline in first-quarter GDP. The shift in outlook from positive to negative reflects weak PCE (consumer spending) trends and a surge in imports as companies pre-buy overseas goods in anticipation of tariffs.

Argus Chief Economist Chris Graja, CFA, is modeling GDP growth of 2.0% for 2025, down from an earlier 2.3% forecast. Argus believes GDP growth is likely to remain positive near the low-2% level in 2026.

The Federal Reserve raised interest rates more than five percentage points between March 2022 and July 2023. After holding rates steady for eight straight meetings, the Fed at its mid-September 2024 FOMC meeting cut interest rates by 50 basis points (bps). The Federal Open Market Committee (FOMC) then cut the fed funds rate by 25 bps each at its November and December FOMC meetings.

The FOMC concluded its March 2025 meeting at mid-month and, as expected, maintained its fed funds target at the 4.25%-4.50% level. This marked a second straight meeting in which the Fed stood pat, after 100 bps of cuts in fall 2024.

Argus believes this non-decision reflects the Fed's ongoing concerns with inflation as the central bank monitors the overall economy. The Fed had been generally sanguine about the economy in the past two years, but now appears to be acknowledging new strains in the outlook. The Fed's closely studied post-meeting statement added language that "uncertainty around the economic outlook has increased." It also deleted language stating "risks to achieving employment and inflation goals are roughly in balance."

The March 2025 FOMC meeting included release of the Fed's so-called "dot plot," which signals its intentions for interest-rate policy in the intermediate term. The newest dot plot signals two rate cuts in 2025 and two in 2026. But FOMC voting members were not unanimous in their predictions. In a shift seen as "hawkish," four members voted for just one cut in 2025 while four voted for no cuts. The Fed also slowed the pace of quantitative tightening, reducing the amount of Treasury securities it will allow to run off each month from $25 billion to $5 billion. Quantitative tightening has removed $2.2 trillion from the Fed's balance sheet since mid-2022.

The central bank dialed down its GDP growth forecast for 2025 to 1.7%, from 2.1% issued in December 2024. The Fed raised its unemployment rate forecast to 4.4% exiting 2025 from a 4.3% prediction three months ago. And it now looks for core PCE inflation at the end of 2025 to be 2.8%, raised from a 2.5% forecast.

These less-favorable forecasts are consistent with slowing growth, but not recession. Where the Fed goes from here may require further progress on inflation, which is stubbornly stalled a half-point to a point above the Fed's 2% target range. The Fed is cognizant that tariffs are historically associated with higher goods price. Were inflation to rise from current levels, we believe this Fed would not hesitate to return to neutral or even to restrictive monetary policy, i.e., start raising rates again.

The Consumer Price Index rose 0.2% in February 2025, considerably cooler than the 0.5% jump in January. The index for shelter rose 0.3% monthly and accounted for nearly half the monthly increase in inflation. All-items CPI was up 2.8% from February 2024. Core CPI was up 0.2% month over month and 3.1% from February 2024.

The Fed's preferred inflation gauge, the Core PCE Price Index, rose 0.4% in February, moving the wrong way after rising 0.3% in January and 0.2% in December. This metric was up 2.8% on a year-over-year basis in February, up from 2.6% year over year in January. The annual change has moved little from 2.7% in July 2024.

Bond yields hit multi-month lows following the Fed's September 2024 rate cut, moved higher on inflation concerns mixed with economic optimism following the election, and have come down across 2025 as inflation fears drive safe-haven investing. Both middle-maturity and long-maturity yields are at or near 2025 lows.

The 10-year Treasury yield was 4.27% as of the end of March 2025, compared with 4.23% as of the end of February. The long yield reached a low of 3.75% as of September 2024, while the cycle peak for the 10-year yield was around 4.9% in October 2023. The two-year Treasury yield was 3.89% as of the end of March 2025, versus 3.99% as of the end of January. The two-year yield reached a cycle low of 3.55% in September 2024; the peak level was 5.2% as of October 2023.

Notwithstanding current noise in the market, Argus expects short-term yields to move lower from current levels. Long yields over time are expected to widen their relative premium to short yields. We likely have seen the end to twos-10s inversion in this cycle, although the three-month yield was above the long yield at end of March.

With the Fed is in "no hurry" to cut interest rates further, Argus Fixed Income Strategist Kevin Heal is modeling two quarter-point cuts in 2025. Two cuts in 2025 would bring the central tendency in fed funds to 3.75%-4.0% by December 2025. Argus also acknowledges the possibility that the Fed holds rates unchanged in 2025, as it continues to monitor the economy, employment, and inflation.

Calendar fourth-quarter 2024 earnings from continuing operations rose in mid-teen percentages from 4Q23, marking the strongest growth since 4Q22. Of the companies reporting positive growth year over year, more than 75% reported earnings ahead of consensus expectations. The average earnings "surprise" for these companies is about 7%. By comparison, the average EPS beat against quarterly expectations has been in the 8%-9% range over the past five years and in the 6%-7% range over the past 10 years.

The best EPS growth sectors for 4Q24 were Financial and Communication Services. All sectors posted positive earnings growth with the exception of Energy, which experienced a 30% EPS decline. Notably, the net profit margin climbed to 12.6% for 4Q24 from 12.2% for 3Q24, while remaining comfortably above the multi-year average in the 11%-12% range.

For 2025, our forecast for S&P 500 earnings from continuing operations is $276, implying full-year EPS growth of 12%. For all of 2025 at the sector level, key growth drivers are likely to include accelerating growth in healthcare earnings; and improved performance from the three sectors (Energy, Materials, and Industrials) that dragged on 2024 earnings. Energy could generate positive comparisons beginning in 2Q25, but may have to wait for 2H25, depending on product pricing. A return to sustained growth momentum for the commodity-sensitive Energy and Materials sectors is dependent on minimal disruption from new tariffs and success of the Chinese government's stimulus program.

Other sectors are forecast to hold their current strong growth rates for the next year or more. Information Technology is forecast to sustain double-digit EPS growth in the mid- to high-teen percentages through 2026. Utilities growth is forecast to moderate only slightly while remaining above long-term average, aided by AI data center demand for electricity. Other sectors forecast to grow EPS above their long-term averages include Financial, Healthcare, Consumer Discretionary, and Consumer Staples.

For 2026, our S&P 500 earnings estimate is $307, which assumes EPS growth of 11%. For 2026, we look for a continuation of the above-average growth assumptions in our 2025 forecast, while moderating the overall growth outlook slightly. We expect the AI transformation to continue to drive growth in Communication Services, Information Technology, and Consumer Discretionary, meaning those sectors could resume leadership next year. We look for growth to slow in defensive sectors but potentially to pick up in Energy.

Domestic and Global Markets

In the final two months of 2024, the stock market rallied in November on the election outcome and fell in December due to the more-cautious Fed tone. Underneath the surface, the ongoing rotation away from growth and AI and toward everything else continued at the index level. Three months into 2025, market leadership has been flipped on its head.

At the end of March 2025, the Dow Jones Industrial Average led among the three major indices, with a 1.9% year-to-date decline. The S&P 500 was down 4.8%, while the Nasdaq was down 10.1% and fully in correction territory.

In a sign of the complete reversal at the style level, Wilshire Large Cap Growth is down 7.7% as of March-end, versus a positive 1.6% for Wilshire Large Cap Value. The Russell 2000 is down 9.0% year to date, even though these smaller, domestic-facing companies are expected to be less impacted by tariffs.

The Barclays Bloomberg U.S. Bond Index, which finished 2024 with a 0.9% gain, was up 1.9% year to date as of the end of the first quarter. Bond returns bounced around all through 2024, and there is no reason to assume they will be stable in 2025. Whereas the past three years were dominated by monetary policy, fiscal policy could have an outsized impact in 2025.

Consistent with the index performance during the first quarter of 2025 favoring blue chips (DJIA) over high-beta growth (Nasdaq), the traditional growth sectors of Communication Services, Information Technology, and Consumer Discretionary are down year to date. After holding a year-to-date gain through January and February, Communication Services is down 6.4% as of the end of March. Information Technology declined in every month of the first quarter and is down 12.7% year to date. Selling has broadened from the AI sector to nearly every technology niche, including software, computing, and semiconductors. Consumer Discretionary is down 13.6% year to date as retail sales weakness and consumer confidence tanks.

Energy is leading the market with a 9.0% year-to-date gain, partly on "wealth in the ground" inflation fears and partly on President Trump's pledge to hold Iran accountable for any Houthi attacks on shipping. The rotation toward new favorite sectors includes a pivot toward Healthcare, which is up 5.6% year to date and is currently the second-best sector.

The Utilities sector has jumped into third place, with a 3.8% gain following a highly positive 4Q24 earnings season. Real Estate is up 2.5%. Perceived beneficiaries of lower interest rates are relatively outperforming as tariff and inflation fears drive investors out of equities and into bonds. Consumer Staples has become a safe-haven favorite and is up 3.5%. Materials bounced back on deregulation hopes, although the sector has shed most of its January and February gains.

The clear takeaway from the year-to-date 2025 sector map is impressive breadth, which we believe bodes well in a challenging market for traditional leaders. Seven of 11 sectors are up year to date, despite the overall market decline. Sector rotation also carries risks, however, particularly if it gets too intense. If 2025 features deeply negative performances from the three growth sectors – which collectively represent about 50% of total market weight – the overall stock market may struggle.

We have adjusted our recommended sector allocations, as we do each quarter at the beginning of March, June, September, and December. The following reflects our guidance for the calendar second quarter of 2025. Although we use a quantitative, six-part, "blind" sector model, our sector recommendations tend to align with qualitative and fundamental dynamics in the market outlook.

We raised the Consumer Staples sector to Over-Weight from Under-Weight. The sector is showing strong relative stock momentum as investors rotate away from AI & growth and toward defensive, cyclical, and current income. Staples companies have been working for years to streamline operations and supply chains while introducing new products and offering more product variety. In a tariff environment, we expect consumers to prioritize necessities over durable goods. Sector stocks offer above-market current income and are attracting investors with their defensive characteristics in a turbulent market.

We lowered Communication Services to Market-Weight from Over-Weight. The hyperscale companies in this "barbell" sector have been subject to profit-taking as AI enthusiasm wanes and skepticism about capital spending sets in following the arrival of DeepSeek. The telco companies at the other end of the barbell have relatively outperformed the hyperscale companies but are contending with slow subscriber growth amid a subdued 5G smartphone cycle.

We lowered Consumer Discretionary to Under-Weight from Market-Weight. CPI inflation grew at a tame 1.5% average from 2008 through 2017, and the first round of tariffs had only a muted impact on overall spending. CPI inflation increased at an average 3.6% pace from 2017 through 2024, however. We believe the lower two-thirds of consumers, representing 45% of overall consumer spending, are straining to meet current expenses and will slow spending on consumer durable and discretionary goods should tariffs become widely enacted.

Our recommended sector weightings are as follows:

* Over-Weight: Consumer Staples, Financial, Healthcare, Information Technology, and Utilities.

* Market-Weight: Communication Services, Energy, Industrials, and Real Estate.

* Under-Weight: Consumer Discretionary and Materials

Like the U.S. market, global stocks did better in 2024 than they did in 2023, but most overseas markets lagged the U.S. in both years. Our composite of global bourses rose about 10% in 2024, versus 20%-plus for the S&P 500.

In 2025, overseas markets are doing better than the U.S. market. Some of the worst markets in 2024, such as Mexico, are doing better in 2025. Conversely, some of 2024's winners, such as India and the U.S., are struggling in 2025.

During 2024, Chinese stocks surged on that country's announced stimulus program, the largest since the pandemic era. In 2025, China is up about 18% year to date and leads among all overseas bourses.

In terms of our themes, mature economies have ceded leadership to resource economies and BRIC. BRICs-minus-Russia are up 6.7% year to date after rising 4.2% in 2024. Resources economies are up 6.0%. Asian markets are up 3.6%, and Americas markets are up 3.3% -- as Canada and Mexico offset a weak U.S. market. Mature economies, which led in 2024 and 2023, are up just 1.4%, reflecting weakness in Japan and the U.S.

Conclusion

We have expressed our concern that tariffs could hit differently in 2025 than in 2017. Consumers have been battered by inflation for the past several years, and many are expressing that they are at the edge of their spending limits. In 2017, by contrast, consumers were coming off a decade of below-trend inflation. Businesses and consumers in that earlier period were better able to absorb tariff-induced price increases, and the economy chugged along.

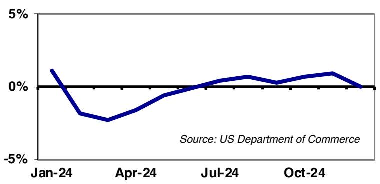
In the decade (2008-17) preceding the first round of tariffs, the U.S. Consumer Price Index (CPI) grew at a 1.5% CAGR -- a full half-percentage point below the Fed's 2% long-term target range. Consumers and businesses were able to absorb that first round of tariffs relatively painlessly. U.S. GDP grew 2.5% in 2017, 3.0% in 2018, and 2.5% in 2019. COVID-19 impacted growth in 2020.

Generals are always at risk of "fighting the last war," and that thinking can permeate business leaders and politicians as well. The second Trump administration may be basing its trade policies on the relatively benign impact of that first round of tariffs, which were preceded by unusually low inflation. The period following 2017 included the supply-chain crisis and a global pandemic, and by contrast has been characterized by withering inflation. Between 2018 and 2024, the U.S. CPI grew at a 3.6% CAGR. Many consumers, particularly in lower economic tiers, seemingly are tapped out and will be unable to absorb further price hikes.

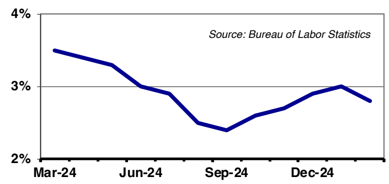
The chief concern among investors has been that tariffs would rekindle inflation. But to get inflation you have to have spending. If consumers really are moving to the sidelines, their contribution to GDP (70% of total) could be diminished, leading to below-trend economic growth.

Jim Kelleher, CFA,
Director of Research

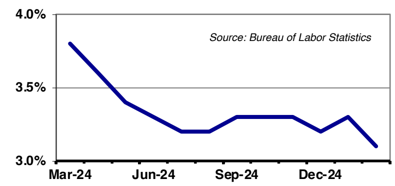
Release:	**Wholesale Inventories**
Date:	4/9/2025
Month:	February
Previous Report:	1.1%
Argus Estimate:	1.1%
Street Estimate:	NA



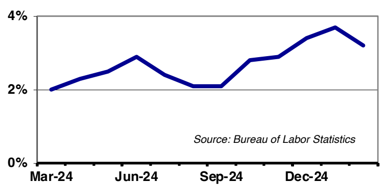
Release:	**Consumer Price Index**
Date:	4/10/2025
Month:	March
Previous Report:	2.8%
Argus Estimate:	2.6%
Street Estimate:	2.6%



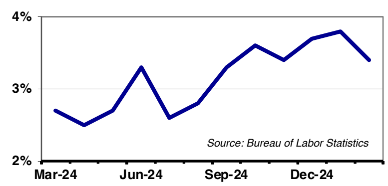
Release:	**Construction Spending**
Date:	4/1/2025
Month:	February
Previous Report:	3.3%
Argus Estimate:	3.2%
Street Estimate:	NA



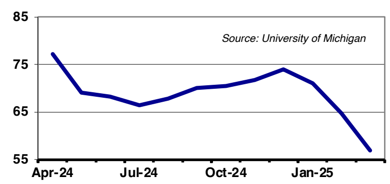
Release:	**PPI Final Demand**
Date:	4/11/2025
Month:	March
Previous Report:	3.2%
Argus Estimate:	3.2%
Street Estimate:	NA



Release:	**PPI ex-Food & Energy**
Date:	4/11/2025
Month:	March
Previous Report:	3.4%
Argus Estimate:	3.6%
Street Estimate:	NA



Release:	**U. of Michigan Sentiment**
Date:	4/11/2025
Month:	April
Previous Report:	57.0
Argus Estimate:	54.2
Street Estimate:	NA



Previous Week's Releases and Next Week's Releases on next page.

Previous Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
1-Apr	ISM Manufacturing	March	50.3	50.1	50.3	**49.0**
	ISM New Orders	March	48.6	48.0	NA	**45.2**
	Construction Spending	February	**2.7%**	3.2%	NA	**2.9%**
2-Apr	Factory Orders	February	3.2%	2.0%	NA	NA
3-Apr	ISM Services Index	March	53.5	53.0	53.0	NA
	Trade Balance	February	-$131.4 Bln.	-$105.0 Bln.	-$110.0 Bln.	NA
4-Apr	Nonfarm Payrolls	March	151 K	125K	128K	NA
	Unemployment Rate	March	4.1%	4.2%	4.2%	NA
	Average Weekly Hours	March	34.1	34.1	34.2	NA
	Average Hourly Earnings	March	4.0%	4.0%	NA	NA
	Total Vehicle Sales	March	16.0 mln.	15.5 mln.	15.9 mln.	NA

Next Week's Releases

Date	Release	Month	Previous Report	Argus Estimate	Street Estimate	Actual
15-Apr	Import Price Index	March	2.0%	NA	NA	NA
16-Apr	Retail Sales	March	3.1%	NA	NA	NA
	Retail Sales ex-autos	March	3.1%	NA	NA	NA
	Industrial Production	March	1.4%	NA	NA	NA
	Capacity Utilization	March	78.2%	NA	NA	NA
17-Apr	Housing Starts	March	1,501K	NA	NA	NA

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